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CALIFORNIA ENERGY COMMISSION

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April 3, 2018

Mr. Issam Najm, President
Porter Ranch Neighborhood Council
P.O. Box 7337
Porter Ranch, CA 91327-7337

Dear Mr. Najm:

Thank you for your thoughtful letter regarding the Aliso Canyon natural gas storage facility (Aliso Canyon) and the next steps for addressing California Governor Edmund G. Brown, Jr.'s request that the California Energy Commission plan for the Aliso Canyon closure.

As you observed, the key task is to avoid jeopardizing system reliability (both electricity and natural gas) in Southern California if Aliso Canyon is not available. We are considering the options for replacing the natural gas supply and grid support functions that Aliso Canyon provided, including:

- Improving the diversity of gas storage and supply options through the use of more facilities located throughout California. The Environmental Defense Fund suggests that California implement a “natural gas imbalance market” to reduce the utilities’ reliance on natural gas storage. A gas imbalance market may create market incentives or mechanisms that could allow independent storage to provide this balancing function, especially with the commitment to retire Aliso Canyon by 2028.¹
- Increasing Southern California’s connections to independent gas storage providers with facilities located in lower population areas, such as the Gill Ranch operation in the Madera County region and others in Northern California. This could potentially address some of the reliability issues and, therefore, is worthy of exploration.
 - Possible expansion of the gas pipeline interconnection between the Pacific Gas and Electric Company and Southern California Gas Company systems, for example, at Wheeler Ridge in Kern County.²
 - Gill Ranch Storage, an independent gas storage operator in the San Joaquin Valley, suggests that with some pipeline changes and an expanded

¹ Comment letter from Environmental Defense Fund and Skipping Stone, June 5, 2017, http://docketpublic.energy.ca.gov/PublicDocuments/17-IEPR11/TN217837_20170605T093823_Tim_O'Connor_Comments_Comment_letter_from_EDF_and_Skipping_Stone.pdf, pp. 6–10.

² CPUC staff requested PG&E and SoCalGas to work together to study an expanded role of the independent storage providers.

interconnection between Northern and Southern California, it might help address reliability issues.³

- Increasing electricity transfer capabilities between the Pacific Northwest and California, as noted in the Energy Commission/California Public Utilities Commission (CPUC) February 2018 joint request to the California Independent System Operator (California ISO) regarding a "Pacific Northwest Sensitivity Case"⁴ in the California ISO's 2018-19 Transmission Planning Process.
- Coordination between the California ISO and the Los Angeles Department of Water and Power (LADWP) regarding the above requested Pacific Northwest Sensitivity Case, as noted in the Energy Commission/CPUC February 2018 joint letter to Mr. Mel Levine, board president of LADWP.⁵

In addition to working with the CPUC, California ISO, and LADWP on potential approaches for closing Aliso Canyon, while maintaining energy reliability (both electricity and natural gas), the Energy Commission is pursuing the following activities:

- Assessing overall gas storage policy and gas storage safety conclusions, which were presented by the California Council on Science and Technology's January 2018 report, *Long-Term Viability of Underground Natural Gas Storage in California: An Independent Review of Scientific and Technical Information*.⁶
- Continuing to work with the California Department of Conservation's Division of Oil, Gas & Geothermal Resources regarding current and proposed gas storage safety regulations.
- Participating in the CPUC's Order Instituting Investigation process addressing the feasibility of minimizing or eliminating the use of Aliso Canyon while maintaining energy and electric reliability for the region, I.17-02-002.
- Participating in California ISO's three transmission projects to strengthen the region's reliability by adding synchronous condensers at the Santiago, San Onofre, and San Luis Rey substation facilities. These will permit the electrical system to

3 Comments filed from Gill Ranch Storage, http://docketpublic.energy.ca.gov/PublicDocuments/17-IEPR-01/TN221725_20171113T112608_Ann_L_Trowbridge_Comments_Comments_of_Gill_Ranch_Storage_LLC_on.pdf

4 Letter from Energy Commission Chair Weisenmiller and CPUC President Picker to California ISO President and CEO Berberich, http://docketpublic.energy.ca.gov/PublicDocuments/17-IEPR-11/TN222584_20180216T100045_021518_Letter_to_CAIISO_Steve_Berberich.pdf

5 Letter from Energy Commission Chair Weisenmiller and CPUC President Picker to LADWP Board President Levine, http://docketpublic.energy.ca.gov/PublicDocuments/17-IEPR-11/TN222585_20180216T100045_021518_Letter_to_LADWP_Mel_Levine.pdf

6 California Council on Science and Technology, *Long-Term Viability of Underground Natural Gas Storage in California*, January 2018, http://ccst.us/projects/natural_gas_storage/publications.php

adjust more readily to changing conditions and will reduce the amount of in-basin generation needed to meet reliability.⁷

- Recommending that Los Angeles County strongly consider and adopt an interim moratorium on new connections for gas service in areas of Los Angeles County served by Aliso Canyon.⁸ CPUC President Michael Picker and I sent a letter on December 4, 2017, with this recommendation to Los Angeles County Supervisor Kathryn Barger.
- Ongoing work to assess and ensure Southern California energy reliability, such as the upcoming workshop to present the 2018 Aliso Canyon Summer Risk Assessment Technical Report.
- Continuing the Commission's fundamental efforts to reduce the need for natural gas supplies by increasing energy efficiency, renewable resources, distributed generation, and electric storage technologies.
 - Moreover, I respectfully request the residents of Porter Ranch and the surrounding communities do their part to reduce demand on natural gas and electricity by leading the way on increasing energy efficiency (both electric and natural gas), energy storage, demand response, and installing solar thermal and photovoltaic projects.

I look forward to continuing dialogue with you about how to effectively accomplish the goal of closing Aliso Canyon, while continuing to meet California's electricity resource needs and climate change goals. If you have any questions, please contact Lana Wong at 916-654-4638 or by email at Lana.Wong@energy.ca.gov.

Sincerely,



ROBERT B. WEISENMILLER
Chair

cc: Michael Picker, President, CPUC
Stephen Berberich, President and CEO, California ISO
David H. Wright, General Manager, LADWP

⁷ 2017 Integrated Energy Policy Report, Other Aliso Canyon Activities-Planned Improvements, http://docketpublic.energy.ca.gov/PublicDocuments/17-IEPR-01/TN222377_20180126T144311_Proposed_Final_2017_Integrated_Energy_Policy_Report_Clean_Versi.pdf

⁸ Letter from Energy Commission Chair Weisenmiller and CPUC President Picker to Los Angeles County Supervisor Barger http://docketpublic.energy.ca.gov/PublicDocuments/17-IEPR-11/TN221898_20171205T122310_12417_Letter_to_Kathryn_Barger_LA_County_re_Aliso.pdf